GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2625
ANSWERED ON:16.12.2004
OPEC MEET IN VIENNA
Saradgi Shri Iqbal Ahmed

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India took up the issue of Asian premium at the OPEC meet in Vienna;

(b) if so, the main issues raised by the Indian delegation at the premium OPEC meet;

(c) the main decision taken thereon;

(d) the extent to which India's point of view were taken into consideration;

(e) whether India has sought parity in oil prices for Asia with West;

(f) whether India got support from Japan and China to pressurize OPEC members; and

(g) if so, the details in this regard?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (g): The National Oil Companies (NOCs) of some countries in West Asia have different pricing formulae for their sale of crude oil for different regions in the world such as North America, Europe and Asia Pacific. As per market practice, the pricing formulae are linked to marker/benchmark crude oil relevant for each region, viz., West Texas Intermediate Crude Oil for North America, Brent Crude Oil for Europe and Oman & Dubai Crude Oils for Asian customers. Based on the pricing formula, the price paid by the Asian customers is sometimes higher and sometimes lower, although more often than not higher than that charged to American and European customers. This is sometimes referred to as the "Asian premium".

Minister of Petroleum & Natural Gas and Panchayati Raj, Government of India was invited to deliver a keynote address to one of the sessions in the OPEC International Seminar titled "Petroleum in an Interdependent World" held in Vienna on 16th and 17th September, 2004. In his address, he inter alia touched upon the aforesaid practice of NOCs of some countries in West Asia of having different pricing formulae for their sale of crude oil for different regions in the world.

The principal Asian suppliers and purchasers of oil have been invited to a meeting being convened in New Delhi on the 6th January, 2005 jointly by India, Kuwait and the International Energy Forum to discuss stability, security and sustainability in the Asian oil economy. Japan and China are among the participants.